

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Suspension or)
Revocation of the Licenses to Conduct)
Gambling Activities of:)

No. CR 2008-01978

The Club,)
Everett, Washington,)

**NOTICE OF ADMINISTRATIVE
CHARGES AND OPPORTUNITY
FOR ADJUDICATIVE
PROCEEDING**

Licensee.)
_____)

Dave Trujillo alleges as follows:

I.

He is the Assistant Director of the Washington State Gambling Commission and makes these charges in his official capacity.

II.

Jurisdiction of this proceeding is based on chapter 9.46 RCW, Gambling, chapter 34.05 RCW, the Administrative Procedure Act, and WAC Title 230.

III.

The Washington State Gambling Commission issued The Club, organization number 00-20420, the following licenses:

Number 05-20145, Authorizing Class "E" Punchboard/Pull-Tab Activity;
Number 67-00237 Authorizing Class "15" House-Banked Card Room Activity.

The licenses, which expire on March 31, 2009, were issued subject to the licensee's compliance with state gambling laws and regulations.

IV.

SUMMARY:

The licensee failed to pay required gambling taxes to the City of Everett covering March 2007 through September 2008 and totaling over \$310, 650 in delinquent taxes.

Additionally, this is a violation of a previous Settlement Order, dated June 2008, and grounds exist to impose the eighteen-day deferred suspension pursuant to that Settlement Order.

FACTS:

- 1) On September 16, 2008, staff received correspondence from the City of Everett (Everett), notifying staff that The Club had failed to make required gambling tax payments covering March 2007 through September, 2008, in the amount of \$310,650.10. The City of Everett Municipal Code Section 3.36.060 details the gambling tax requirements for card rooms located in Everett. Also included in the correspondence were two tax payment agreements, which The Club had breached.
- 2) On September 23, 2008, staff forwarded to The Club correspondence notifying them that Everett had requested staff's assistance in collection of the past due gambling taxes.
- 3) On December 10, 2008, staff received a signed affidavit from Sharon Marks, City Clerk, wherein the City of Everett formally requested staff to revoke The Club's house banked card room license.
- 4) On December 12, 2008, a Commission Special Agent (agent) was assigned the file. The agent reviewed a detailed payment history provided by Everett showing tax payments due in the amount of \$310,650.10.
- 5) The agent reviewed the compliance record of the licensee and found the following administrative history:
 - Internal control deficiencies, late submission of required financial statements, failure to pay out a jackpot, allowing a minor to gamble, failure to maintain accurate tournament records, failure to maintain key control, failure to maintain backup documentation, failure to maintain adequate surveillance coverage, failure to delete a prize from a flare, aiding in transmitting gambling information, and failure to maintain control of cards. All of these violations resulted in a verbal warning, written warning or a Notice of Violation and Settlement (NOVAS)¹ during the past three years.
 - The licensee received a Statement of Charges in March 2008 for failure to keep minimum cash on hand. As the result of the charges, the licensee entered into a Settlement order on June 10, 2008. The licensee agreed to serve a 20-day suspension, with 18 days deferred for a period of one year. The licensee also agreed not to violate Washington's gambling laws or statutes for one year business.

VIOLATIONS:

- 1) RCW 9.46.075(1) provides that we may suspend or revoke a license if the licensee has violated the provisions, requirements or duties imposed by Chapter 9.46 RCW or any rule adopted by staff.
- 2) WAC 230-03-085(1) provides that we may suspend or revoke a license if the licensee commits any act that constitutes grounds under RCW 9.46.075 for suspending or revoking

¹ The NOVAS identifies the violation and gives the recipient the opportunity to pay a fine to settle the matter.

licenses.

3) WAC 230-03-085(3) provides that we may suspend or revoke a license if the licensee has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level.

4) WAC 230-03-085(4) provides that we may suspend or revoke a license if the licensee has failed to pay gambling taxes to local taxing authorities and the local taxing authority has petitioned us to take action.

On December 10, 2008, the City of Everett formally requested the Commission to take action against The Club for unpaid gambling taxes owed for 2008. Despite receiving correspondence and a payment plan from the City, The Club failed to pay the taxes due, showing willful disregard to for local ordinances. Grounds, therefore, exist to suspend or revoke The Club's licenses under RCW 9.46.075(1) and WAC 230-03-085(3) and (4).

In the June 10, 2008, Settlement Order (CR 2008-00213) the licensee agreed to serve a 20-day suspension with 18 days deferred for a period of one year. The licensee also agreed not to violate Washington's gambling laws or statutes for one year business. The Director may impose a suspension of up to 18 days of the current gambling licenses and any subsequently acquired gambling license(s) if the licensee violates Washington's gambling laws or rules after the date of this settlement, and they are the type of violations warranting administrative or criminal charges.

By failing to pay gambling taxes to the City of Everett, the licensee has violated WAC 230-03-085(4), and the June 2008 Settlement Order. Grounds, therefore, exist to impose the deferred days of suspension on The Club.

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The charges specified in paragraph IV above constitute grounds for suspending or revoking the gambling licenses issued to The Club under RCW 9.46.075 and WAC 230-03-085.

Jurisdiction of this proceeding is based on 9.46 RCW, Gambling, chapter 34.05 RCW, the Administrative Procedure Act, and WAC Title 230.

In order to have a hearing or discuss settlement options, the enclosed REQUEST FOR HEARING must be COMPLETED AND RETURNED to the Gambling Commission *within 23 days* from the date of the mailing of this notice.

STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

DAVE TRUJILLO, DIRECTOR

Dated at Olympia, Washington this 16 day of January, 2009

Michelle M. Pardee

My commission expires on June 16, 2009

A circular notary seal for Michelle M. Pardee. The outer ring contains the text "MICHELLE M. PARDEE" at the top and "STATE OF WASHINGTON" at the bottom, separated by a rope-like border. Inside the ring, the text "COMMISSION EXPIRES" is at the top, "NOTARY" is in the center, and "PUBLIC" is below it. A double-headed arrow points left and right between "NOTARY" and "PUBLIC". At the bottom, the date "6-15-09" is printed.

The Club
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